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Morocco

Oilseeds and Products

Oilseeds and Products Annual

2000

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Report Highlights:
Morocco will continue to rely heavily on imports to fulfill the demand for soybeans and products. The local crusher expanded its capacity and renovated its line to be able to produce consistent, high-quality, high-protein meals. Vegetable oil is still heavily subsidized by the government and retail prices have not been liberalized yet which dampen competition.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Executive Summary

Morocco's oilseed production fluctuates heavily and consists mostly of sunflowereed (35,000 MT). Production of soybeans and rapeseed has totaled less than 2,000 MT over the past few years. The lack of clear GOM policy is likely to dampen future growth of these crops in Morocco.

Morocco's poultry sector continues to boost the demand for soybeans and soybean meal. The demand is expected to continue to expand as indicated by the investments made by feed manufacturers and poultry producers.

The sole crusher in Morocco increased its capacity and renovated its mill to fulfill the demand of the poultry sector, especially in high protein soybean meal. This offers an opportunity to the US industry to work closely with the crusher to assist them in getting consistent quality, high protein soybeans.

While imports have been completely liberalized, retail prices are still set by the government and vegetable oil is still heavily subsidized at the retail level. The liberalization of retail prices is expected to impact heavily the structure of the vegetable oil refining industry but also the sugar and flour industries. Since these three commodities are staple foods in Morocco, the government will likely be reluctant to pass any law that would imply an abrupt change in their prices.

The tariff for oilseeds and products discourages importers to bring in cheap products and in some cases encourages them to pay a premium for higher quality. Also, vegetable oil refineries can no longer compete on the import side because the new tariff system imposes higher duties on cheap imports and reduces the gains that refineries could make had they been able to import cheap vegetable oil.

Production

Morocco's oilseeds production consists mostly of sunflowerseeds whose production was about 35,000 MT in 1998/1999. Production of soybean and rapeseed has been limited in the past to less than 2,000 MT. Soybeans are grown mostly in the irrigated areas of Doukkala near the city of El Jadida. Rapeseed production, currently at less than 1,000 MT, comes mostly from state farms and, so far, has not been appealing to farmers because of its low returns.

The outlook for long term is that sunflower production, although fluctuating widely from year to year depending on rainfall, will continue to represent the bulk of oilseed production in Morocco because it is grown in rainfed areas. Soybean production is not likely to show any significant increase in the short term because farmers don't consider it as lucrative as other crops but also because of the lack of consistent and clear GOM production policy.

Consumption

1) Oilseeds

The only crusher in Morocco, Lesieur, has one mill in Casablanca and a second mill in Kenitra. The total capacity has been increased from 360,000 MT to 500,000 MT over last year because of the expansion made in the Casablanca crushing mill. The expansion has been made in response to the increasing demand for protein meal by the poultry sector. Lesieur plans to devote the mill in Casablanca entirely to soybean processing to respond to the demand from feed manufacturers. The mill in Kenitra, because of its location near the sunflower production area, will be used mostly for processing sunflowerseeds.

2) Oilseed Meals

Virtually all soybean meal consumed in Morocco is used for poultry feed. Poultry feed continues to account for nearly 95 percent of the output of industrial feed manufacturers. Consumption of oilseed meals, especially soybean meal, is likely to continue to increase in the medium term as indicated by the sustained growth of the number of poultry operations and by the heavy investments made by feed manufacturers to increase their capacity or even build new feed mills.

Consumption of soybean meal went up significantly this year partly because of the competitive price of high protein meal during the beginning of the year. Many end-users preferred to use imported high protein meal instead of locally produced meal especially that the tariff structure offset largely the premium paid for higher quality meal (see tariff section). This forced the crushing plan to proceed with the renovation of their mill to fulfill the local demand for consistent higher quality meal.

3) Vegetable Oil

Morocco's consumption of vegetable oil consists mostly in soybean oil, sunflower oil, and rapeseed oil. Except for a limited quantity of sunflower oil (estimated at 8,000 MT) that is sold as "Sunflower oil", the Moroccan consumer is offered one standard oil type packaged under different brand names. Under the current pricing system, it would be difficult for the refineries to invest in improving the quality of their products since all vegetable oil must be sold at the same price.

Edible oil retail prices are subsidized. All ex-refinery prices and margins are preset by the GOM and are the same regardless of the type of vegetable oil or location. A fixed subsidy per metric ton of refined vegetable oil is disbursed to the refineries so they can sell the vegetable oil at the preset price. The subsidy has been maintained at the same level as last years i.e. 5,365 dirhams / MT ($536.5/MT).

Trade

1) Oilseeds

Oilseed imports are handled entirely by the sole private crusher in the country, Lesieur.
Imports of soybeans are likely to increase significantly in the near future to fulfill the demand for soybean meal by the booming poultry sector. In anticipation of this increase, Lesieur has increased the capacity of the mill in Casablanca from 800 MT/day to 1200 MT/day. The mill is expected to be shut down for a few weeks shortly before using the new expanded processing lines. The additional capacity should allow Lesieur to import higher quantities of oilseeds, especially soybeans.

Brazil and Argentina are the major competitors in this market. As it increasingly becomes obvious to the feed manufacturers that quality has to be taken into account when purchasing soybean meal, the US is likely to be in good position to dominate this market. Lesieur has affirmed on several occasions that the US is more able to provide a consistent quality compared to other sources and unless the difference in price is too great compared to other origins, they would prefer to import from the US.

The current customs duty system applied to oilseeds encourages the crusher to pay a premium for higher quality oilseeds because it will end-up with about the same final price (all duties paid) as if it had imported lower quality oilseeds (see new tariffs section). Since the protein meals are also subject to the same tariff system than oilseeds, many Lesieur customers will be able to import directly, pay a premium for high-protein meal, and end up with a reasonably competitive price as if they had purchased from Lesieur. This should force Lesieur to import more consistent quality, high-protein oilseeds, especially from the US.

The table below provides data on Moroccan imports of soybeans by country of origin:

	10/97-9/98		10/98-7/99 (10 months)	
	1,000 MT	$1,000	1,000 MT	$1,000
Exchange Rate (dirhams/$)		9.6589		9.6058
Soybeans				
- US	81	22,947	53	12,512
- Argentina	105	27,506	24	5,283
- Brazil	21	7,315	52	11,187
- Canada	0	0	26	6,295
- Turkey	0	0	0	7
Total Soybeans	**208**	**57,768**	**155**	**35,283**
Rapeseed				
- Canada	18	6,331	8	2,668
- France	0	0	0	1
- Spain	0	39	0	0
Total Rapeseed	**18**	**6,369**	**8**	**2,669**

Source: Official Trade Data

Note: Sums may not add up to totals because of rounding.

2) Oilseed Meals

The table below provides data on Moroccan imports of soybean meals:

Marketing Year	10/97-9/98		10/98-7/99 (10 months)	
	1,000 MT	$1,000	1,000 MT	$1,000
Exchange Rate (dirhams/$)		9.6589		9.6058
Soybean Meal Imports				
US	33	6,891	44	8,405
Argentina	.	.	9	2,379
Belgium	.	.	2	484
France	.	.	3	708
Netherlands	.	.	2	322
Spain	.	.	5	1,117
Tot. Soy. meal	**33**	**6,891**	**66**	**13,415**

Source: Official Trade Data

3) Vegetable Oil

Moroccan vegetable oil imports consist mostly of crude soybean oil, sunflower oil, and rapeseed oil to be refined locally. The refineries tender optional type and origin and are often informed about the type of oil and its origin only a couple of weeks before the delivery date. The refineries pay less attention to the type of oil received since, except for a small amount of sunflower oil sold as "Sunflower oil", the type of oil is not mentioned on the packaging and the consumer does not know which type of oil he is purchasing. Thus, refineries have no incentive to compete on quality and are forced to look for the cheapest vegetable oil that meets their minimum requirements.

The table below provides data on Moroccan soybean and rapeseed oil imports by country of origin:

Marketing Year	**10/97-9/98**		**10/98-7/99 (10 months)**	
	1000 MT	$1,000	1000 MT	$1,000
Exchange Rate (dirhams/$)		9.6589		9.6058
Soybean Oil				
U.S.A	43	25,691	43	23,497
France	.	.	31	17,162
Argentina	37	23,392	24	12,500
Brazil	23	15,707	22	11,366
Netherlands	6	4,090	18	10,981
Spain	11	7,044	15	8,005
Switzerland	.	.	13	7,606
Germany	.	.	9	4,622
Belgium	.	.	7	2,961
Portugal	.	.	4	2,043
Total	**119**	**75,924**	**186**	**100,742**
Rapeseed Oil				
France	22	13,330	10	6,065
Germany	9	4,649	.	.
Great Britain	3	2,103	.	.
Netherlands	3	1,810	.	.
Switzerland	3	1,938	.	.
Total	**39**	**23,831**	**10**	**6,065**
Total Rape&Soy Oil	**159**	**99,755**	**196**	**106,807**

Source: Official Moroccan Trade Data

New Duties

Since October 5, 1998, a new duty system has been applied to oilseeds and products. Under this system a threshold price has been set by the government. Imported goods are subject to a flat ad valorem duty but if the C&F price (plus port charges) is lower than the threshold price, then a very high duty is applied to the differential between this price and the threshold price.

Under the new tariff system, the low-priced imports are subject to significantly higher duties and the local prices of oilseeds and products are more stable in the local market.

Since April 26, 99, the government decreased slightly the duties on oilseeds and vegetable oils:

	Harmon. Code	Flat Duty(1)	Threshold Price(2)	Additional Duty(3)	Flat Duty(1)	Threshold Price (2)	Additional Duty (3)
		Since April 26, 99			**Oct.5, 98 - Apr.26, 99**		
Oilseeds							
Soybeans	12010090	7.5	2,900 dh	100	7.5	3,020 dh	103
Rapeseed	12050090	22.0	3,300 dh	122	27.0	3,300 dh	127
Sunflower	12060090	17.0	3,500 dh	118	22.0	3,500 dh	123
Crude Vegetable Oil							
Soybean Oil	15071090	31.0	7,000 dh	137	34.0	5,000 dh	139
Sunflower Oil	15121190	15.0	7,800 dh	122	17.0	7,800 dh	124
Rapeseed Oil	15141090	30.0	7,000 dh	136	32.0	7,000 dh	138

Source: Official Bulletin

Note: (1) Flat customs duty, Percent ad valorem. (2) Threshold Price (Dirhams per Metric Ton). (3) Additional Duty (Percent) applied on the differential between the threshold price and the C&F price (when the C&F price & port charges is lower than threshold price). Current exchange rate (dirhams/$): 10.000

Tariff Barrier on Soybeans and Soybean Meal limit the Growth of Poultry Sector

The high tariffs on soybeans, soybean meal and corn are undoubtably the major limiting factor to an even more rapid growth of the poultry industry in Morocco. In spite of the low per capita income ($1,100), poultry products consumption could still increase considerably if the taxes on imported soybeans, soybean meal and corn were lowered. Feed manufacturers and poultry producers see no reason for such high taxes because local production of soybeans and corn is relatively small.

Marketing

Vegetable Oil Price still Fixed by the GOM

While imports of oilseeds and products have been liberalized since 1996, vegetable oil prices at the retail level are still fixed by the GOM at artificially low levels. Vegetable oil refineries have been complaining about the reluctance of the government to take the liberalization process a step further and liberalize retail prices of vegetable oil. Presumably, this would allow the refineries to compete for quality and pass on the fluctuation in world price of vegetable oil to the consumer. However, liberalization of retail prices of vegetable oil is likely to result in higher prices not only for vegetable oil but also for sugar, and the standard wheat flour. These three products are staple foods and the GOM is very sensitive about any abrupt increase in their prices to avoid social unrest.

This year, a new refinery with a capacity of 150 MT/day opened in Meknes. Also, an old refinery in Casablanca, SICO, with a capacity of 60 MT/per day reopened after being closed for many years. The refinery in Agadir is doubled its refining capacity and invested heavily in facilities at the port of Agadir to no longer depend on the facilities in Casablanca port for receiving the crude oil. This should give the refinery in Agadir an clear advantage to serve the customers in the southern part of Morocco.

Market Development Opportunities

1) Oilseeds

Opportunities to increase sales of soybeans are greater than ever. The investment made recently by Lesieur is a good evidence of the potential growth of the demand for soybean meal. Lesieur clearly indicated that the Casablanca mill will be dedicated to crushing soybeans and producing soybean meal especially high protein meals. The US should seize this opportunity to work with the crusher and educate the decision makers in the mill about the US ability to supply consistent and high quality soybeans. Also, the US industry should assist the crusher in promoting the use of soybeans locally, especially US origin soybean meals. This can be done by providing evidence to the end-users about the consistency of the high quality of soybeans from the US.

Use of Full Fat Soya

Currently the high duties on oilseeds make the benefit of using full fat soya less obvious to the poultry producers and feed manufacturers. Several end-users expressed interest in using full fat soya because a relatively small investment in equipment should allow them to increase the energy content of poultry rations and be less at the mercy of the sole soybean crusher in Morocco, Lesieur.

2) Oilseed Meals

The US should pursue its efforts to provide evidence to feed manufacturers of the practical advantages of using high protein meal. More seminars, roundtables, and workshops should be organized to educate major poultry producers on key management practices including assessment of soybean meal quality at purchase time, least cost formulation, and the financial benefit of using high quality feed.

On the trade side, the US should work with end-users to tighten tender specifications and familiarize the end-users on US standards and quality control procedures. This should provide the feed manufacturers and large poultry producers with consistent quality soybean meal and at the same time play in favor of the US origin.

3) Vegetable Oil

In spite of the current pricing system and the difficulties for some refineries to support additional processing, promotion, and packaging costs, new sunflower oil brands have been developed recently and promoted as "sunflower oil". These refineries were able to gain a significant market share and develop a base of consumer faithful to sunflower oil. In anticipation of the liberalization of retail prices, the US should help local suppliers to lay the foundation for developing and promoting new soybean oil brands, sold as "soybean oil". The increase in health consciousness of the developing middle-class is likely to result in higher demand for products of consistent, and known quality in the future.

PSD Table						
Country:	Morocco					
Commodity:	Soybean					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	1	1	1	1	0	1
Area Harvested	1	1	1	1	0	1
Beginning Stocks	0	0	0	0	0	0
Production	1	1	1	1	0	1
MY Imports	220	200	250	250	0	270
MY Imp. from U.S.	100	70	120	120	0	140
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	221	201	251	251	0	271
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	221	201	251	251	0	271
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	221	201	251	251	0	271
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	221	201	251	251	0	271
Calendar Year Imports	180	150	220	200	0	250
Calendar Yr Imp. U.S.	100	70	120	100	0	120
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country:	Morocco	Units: 1,000 MT	
Commodity:	Soybeans		
Time period:	MY 98/99 (10 months)		
Imports for	1998		1999
U.S.	53	U.S.	
Others		Others	
Brazil	52		
Canada	26		
Argentina	24		
Total for Others	102		0
Others not listed			
Grand Total	155		0

PSD Table						
Country:	Morocco					
Commodity:	RAPESEED					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	1	1	1	1	0	1
Area Harvested	1	1	1	1	0	1
Beginning Stocks	0	0	0	0	0	0
Production	1	1	1	1	0	1
MY Imports	0	8	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1	9	1	1	0	1
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1	9	1	1	0	1
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	1	9	1	1	0	1
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1	9	1	1	0	1
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:						
Commodity:	Soybean Meal					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	221	201	251	251	0	271
Extr. Rate	0.7919	0.7960	0.7968	0.7968	ERR	0.7934
Beginning Stocks	0	0	0	0	0	0
Production	175	160	200	200	0	215
MY Imports	70	70	80	80	0	85
MY Imp. from U.S.	40	40	40	40	0	40
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	245	230	280	280	0	300
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	245	230	280	280	0	300
Total Dom. Consumption	245	230	280	280	0	300
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	245	230	280	280	0	300
Calendar Year Imports	70	70	100	70	0	80
Calendar Yr Imp. U.S.	35	40	50	40	0	40
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:						
Commodity:	RAPESEED MEAL					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1	9	1	1	0	1
Extr. Rate	0	0.5556	0.0000	0.0000	ERR	0.0000
Beginning Stocks	0	0	0	0	0	0
Production	0	5	0	0	0	0
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	0	5	0	0	0	0
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	0	5	0	0	0	0
Total Dom. Consumption	0	5	0	0	0	0
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	5	0	0	0	0
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:						
Commodity:	Soybean Oil					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	221	201	251	251	0	271
Extr. Rate	0.1810	0.1741	0.1793	0.1753	ERR	0.1734
Beginning Stocks	8	8	8	8	8	8
Production	40	35	45	44	0	47
MY Imports	160	190	160	190	0	190
MY Imp. from U.S.	50	50	50	60	0	60
MY Imp. from the EC	10	84	10	60	0	60
TOTAL SUPPLY	208	233	213	242	8	245
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	200	225	205	234	0	237
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	200	225	205	234	0	237
Ending Stocks	8	8	8	8	8	8
TOTAL DISTRIBUTION	208	233	213	242	8	245
Calendar Year Imports	160	160	160	160	0	190
Calendar Yr Imp. U.S.	80	50	80	60	0	60
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:						
Commodity:	RAPESEED OIL					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1	9	1	1	0	1
Extr. Rate	0	0.3333	0.0000	0.0000	ERR	0.0000
Beginning Stocks	0	0	0	0	0	0
Production	0	3	0	0	0	0
MY Imports	12	10	12	10	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	12	10	12	10	0	10
TOTAL SUPPLY	12	13	12	10	0	10
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	12	13	12	10	0	10
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	12	13	12	10	0	10
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	12	13	12	10	0	10
Calendar Year Imports	0	3	0	10	0	10
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0